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What the Industry Reads First

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Broadband Privacy: Divided FCC OKs Regs; AT&T-TW Deal Review Uncertain

As expected, a divided **FCC** adopted what ISPs considered “strict” broadband privacy rules during its open meeting Thurs, which will require ISPs to obtain affirmative “opt-in” consent from consumers to use and share sensitive information. Meanwhile, fielding questions on whether the FCC will review the proposed **AT&T/Time Warner** transaction during a press Q&A session, chmn *Tom Wheeler* said “nothing has been presented to us right now and if something is presented, we will make a decision based on the public interest.” Analysts previously suggested that since Time Warner only holds a small number of licenses, the merger might not require a full FCC review. “We ought to see how things develop,” Wheeler said. AT&T, which hopes its proposed Time Warner merger would beef up targeted advertising, is among the major ISPs opposing the privacy rules. It said the rules would discriminate against ISPs compared Internet firms like **Facebook**. Under the rules, data deemed sensitive includes “precise geo-location,” which is typically the real-world location of a mobile phone or other device, children’s information, health information, financial information, social security numbers, Web browsing history, app usage history, and the content of communication. The agency made it clear that the scope of the rules is limited to ISPs and other telecom carriers. They don’t apply to the privacy practices of web sites and other “edge services” over which the **FTC** has authority. The rules also don’t include other services of a broadband provider, such as the operation of a social media website, or issues such as government surveillance, encryption or law enforcement. As for non-sensitive information, ISPs are allowed to use and share unless a customer opts out. All other individually identifiable customer information—for example, email address or service tier information—would be considered non-sensitive and the use and sharing of that information would be subject to opt-out consent, consistent with consumer expectations. **NCTA** said the agency’s move to “break with the FTC’s proven privacy framework in favor of a cobbled-together approach that abandons principles of fair competition is profoundly disappointing.” Treating ISPs differently from other Internet companies that “engage in similar practices but operate under different regulatory standards” is unjustified, the cable group said. **Comcast** wasn’t impressed with the ruling either. The new rules “fell short in certain key respects. They departed significantly from the FTC’s sensible sensitivity-based approach for the use of web browsing and apps usage data, and flatly ignored the FTC’s and Administration’s approach of encouraging companies to inform their customers of new and discounted services with few regulatory burdens,” said *David Cohen*, sevp and chief diversity officer in a blog post. GOP commish *Ajit Pai* warned that nothing in the rules will stop edge providers from “harvesting and monetizing your data, whether it’s the websites you visit or the YouTube videos you watch or the emails you send or the search terms you enter on any of your devices.” In addition, the **FTC** could “return us to a level playing field by changing its sensitivity-based approach to privacy to mirror the FCC’s. No congressional action would be needed in order for the FTC to establish regulatory consistency and prevent consumer confusion,” he said. Fellow Republican *Michael O’Rielly* said the most troubling is the order “explicitly contemplates” that it will apply to IoT. “Those in the edge community should reconsider their belief that the FCC will never venture into their busi-



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ness models: The Commission is intentionally setting itself on a collision course with the FTC's definition with the intention to up the burdens on edge providers and all technology companies, either here or at the FTC," he said. Wheeler fired back. "It's the consumers' information. It's not the information that the networks hired to deliver that information. What this item does is to say the consumer has the right to make a decision about how her or his information is used," he said during the meeting. "We are extending to the Internet the same concepts we are extending to the telephone network. That concept is simple. The network can't use the information without the consumers' permission."

More on Privacy: The rules separate the use and sharing of information into three categories and include clear guidance for both ISPs and customers about the transparency, choice and security requirements for customers' personal information. Under the transparency requirement, ISPs would provide customers with clear, conspicuous and persistent notice about the information they collect, how it may be used and with whom it may be shared, as well as how customers can change their privacy preferences. The rules also require broadband providers to engage in reasonable data security practices and also guidelines on steps ISPs should consider taking. Finally, the common-sense data breach notification requirements are designed to encourage ISPs to protect the confidentiality of customer data, and to give consumers and law enforcement notice of failures to protect such information. The data security requirements will go into effect 90 days after publication of the summary of the Order in the Federal Register. The data breach notification requirements will become effective around 6 months after publication of the summary. The Notice and Choice requirements will become effective about 12 months after publication of the summary. Small providers will have an additional 12 months to come into compliance.

AT&T-Time Warner: As the aftershocks continue over **AT&T's** proposed acquisition of **Time Warner**, **Sen Judiciary** is wasting no time. The antitrust subcommittee has scheduled a hearing for Dec 7 on the proposed deal with CEOs *Randall Stephenson* and *Jeff Bewkes* slated to testify. Antitrust committee member *Richard Blumenthal* (D-CT) told **CNBC** he expects rigorous scrutiny by the committee and hints the FCC should be involved. Meanwhile, Stephenson laid out the "Magna Carta" of the merger in a memo to employees this week. In it, he pledged that AT&T will continue to purchase high-quality content and that purchasing needs outside of TWX will only increase. He had a special message specifically to cable in the memo: "Watch out," he wrote. "We aim for nothing less than competing with you head-to-head throughout the country on cost, quality, and choice. Our acquisition of **DirectTV** is already helping us deploy fiber to 12.5mln US homes. Now, if we can ignite the next revolution in mobile video, it will give the entire wireless industry confidence to deploy ultra-fast 5G technology more aggressively, bringing 'new pipes' and new choices into consumers' homes across the country."

WWE's OTT Progress: **WWE's** direct-to-consumer OTT network's paid subs have increased 24% YOY to 1.46mln. "With a backdrop of more nets going OTT, we think the WWE Network's long-term goal of 34mln global subs is achievable and transformative," **Wells Fargo Securities** told clients. WWE Network fell slightly short of the analysts' 1.49mln prediction. Net income rose to \$11.1mln vs \$10.4mln a year ago. WWE projects 4Q adjusted OIBDA of approximately \$20mln-\$24mln and average paid subscribers to WWE Network of 1.40 million (+/- 2%). That's a 4% sequential decline for the OTT network, but a 13% increase over 4Q15. As is the case these days, **WWE CEO Vince McMahon** was asked during Thurs' earnings call if WWE would consider selling itself. His response—WWE is open to anything that makes financial sense. **BTIG** analysts see myriad potential buyers, including **Disney, Fox, Comcast, AT&T** and **Verizon**.

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BUSINESS & FINANCE

Arris 3.1 Shipments: Arris began shipping DOCSIS 3.1 data modems to multiple customers to support their trial activities as well as early deployments, *Larry Robinson*, pres of Arris' CPE division said during the company's earnings call late Wed. Meanwhile, new CEO *Bruce McClelland* said OTT is now mainstream, and "the new battleground is now around 4K and high dynamic range video, and the future will be written with virtual reality. And it's becoming clearer that the lines between wireline and wireless will blur, creating new white space for innovative technology companies." Arris is on track to achieve the full year guidance, which is \$6.6bln to \$6.8bln in revenues, he said.

Starz 3Q: Starz Networks saw a 6% YOY growth in 3Q, the largest increase since 2Q, 2013, the company said Thurs. 3Q performance also saw YOY sub growth of 1.2mln, with 300K added in the quarter, pushing the total number of subs to 24.5mln. However, operating income at Starz Networks decreased 21% to \$80.4mln due to higher programming and advertising costs related to original programming.

People: FCC chmn *Tom Wheeler* named *Lisa Hone* legal advisor, following the departure of *Stephanie Weiner*. Hone had been associate bureau chief in the **Wireline Competition Bureau**. -- **Comcast Corp** upped *Beth Choroser* to vp, regulatory affairs in DC. She replaces *Mary McManus* who is retiring at the end of the month.

Cablefax Daily Stockwatch

Company	10/27 Close	1-Day Ch	Company	10/27 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DISH:	58.18	(0.05)	INTEL:	34.81	(0.11)
ENTRAVISION:	6.75	(0.06)	INTERACTIVE CORP:	65.48	(0.78)
GRAY TELEVISION:	8.80	(0.5)	LEVEL 3:	51.87	4.95
MEDIA GENERAL:	16.86	(0.29)	MICROSOFT:	60.10	(0.53)
NEXSTAR:	48.40	(2.1)	NETFLIX:	126.47	(0.5)
SINCLAIR:	24.80	(1.05)	NIELSEN:	45.95	0.17
TEGNA:	19.64	(0.3)	SEACHANGE:	2.68	(0.07)
MSOS					
CABLE ONE:	573.99	(3.89)	SONY:	31.53	(0.31)
CHARTER:	244.10	(4.54)	SPRINT NEXTEL:	6.29	(0.07)
COMCAST:	61.48	(1.08)	SYNACOR:	2.95	(0.1)
GCI:	15.69	0.16	UNIVERSAL ELEC:	67.80	(0.05)
LIBERTY BROADBAND:	63.07	(0.96)	VONAGE:	7.06	(0.02)
LIBERTY GLOBAL:	31.76	(0.26)	YAHOO:	41.87	(0.21)
SHAW COMM:	19.72	0.04	TELCOS		
SHENTEL:	26.10	0.10	AT&T:	36.52	0.09
PROGRAMMING					
21ST CENTURY FOX:	26.11	(0.29)	CENTURYLINK:	31.00	2.75
AMC NETWORKS:	49.78	(3.36)	FRONTIER:	4.17	0.08
CBS:	56.41	(0.37)	TDS:	26.37	0.30
DISCOVERY:	26.16	(0.28)	VERIZON:	48.54	0.91
DISNEY:	94.02	0.53	MARKET INDICES		
GRUPO TELEVISA:	25.29	(0.1)	DOW:	18.00	500.00
HSN:	37.15	(0.4)	NASDAQ:	5215.97	(34.29)
LIONSGATE:	19.78	(0.36)	S&P 500:	2133.04	(6.39)
MSG NETWORKS:	19.20	(0.1)			
SCRIPPS INT:	63.74	(2.15)			
STARZ:	31.00	(0.26)			
TIME WARNER:	88.30	(0.4)			
VIACOM:	42.50	0.15			
WWE:	19.17	0.04			
TECHNOLOGY					
ADDVANTAGE:	1.87	(0.01)			
AMDOCS:	58.35	(0.29)			
AMPHENOL:	65.37	(0.16)			
APPLE:	114.48	(1.11)			
ARRIS GROUP:	27.12	(2.41)			
AVID TECH:	6.76	0.01			
BLNDER TONGUE:	0.55	(0.01)			
CISCO:	30.38	(0.17)			
COMMSCOPE:	30.57	(0.93)			
CONCURRENT:	6.19	(0.03)			
CONVERGYS:	29.29	(0.29)			
CSG SYSTEMS:	37.69	(0.57)			
ECHOSTAR:	46.38	(0.32)			
GOOGLE:	795.35	(3.72)			
HARMONIC:	4.85	(0.3)			



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PROGRAMMER'S PAGE

Dead and Gore...

You're probably not watching comedy-horror "Ash vs. Evil Dead" on **Starz**. It seems somehow beneath you. After all, you're a successful cable executive with sparse TV watching time you devote to critical and ratings darlings like "The Walking Dead." That's horror with a purpose, you say. We get it. Of course, TWD's Sunday season premiere just featured two beloved characters getting their heads bashed in by a psychopath wielding a barbed-wire wrapped baseball bat (It's World Series time, after all). So you're conflicted. You tell yourself, "Yes, that fourteenth swing of the bat was probably a bit much—but it was... *important* somehow." Keep telling yourself that. Of course, emotionally draining gore isn't the only kind out there. For those who want a guilt-free bloodbath proudly lacking deep messages about the human condition, try *Ash vs Evil Dead*. It's a show devoid of "importance," whose Rube Goldberg-esque lacerations, mutilations and decapitations feed your unhealthy thirst for blood. This is fast food. It's bad for you. You eat it anyway. And if you've been watching Season 2, which premiered Oct 2, you know producers have amped up the gore considerably. "It wasn't just gratuitousness for the sake of more gratuitousness," exec producer *Rob Tapert* tells **CFX**. "It was finding a way to do set pieces, which is really the backbone of the *Evil Dead* franchise, and taking those set pieces to a new level. A visceral level. Something that the audience would respond to like 'Oh, I've never seen that. That's crazy.'" Such evil genius has some critics pondering whether TV has reached "peak gore," especially after last week's shocking TWD episode mentioned above. But this is an arms race, folks. "It takes it to another level," *Ash* star *Bruce Campbell* tells us. With horror becoming so prevalent on TV these days, the truth is that audiences will ultimately decide how much is too much. Until then... Happy Halloween. — *Michael Grebb*

Reviews: "The Bureau," Monday, **SundanceNow Doc Club**. Viewers are overloaded with too many great series in this golden age of TV, right? Now **AMC Networks'** SVOD service plies on, importing French hit "The Bureau." Many series' first eps experience pacing problems as they introduce characters and storylines. The Bureau suffers little from these, jumping quickly into the story of Malotru Debailly (*Matthieu Kassovitz*), who appears to be a teacher in Syria. Actually he's a French intelligence officer. Soon he's recalled to HQ in Paris, where he's not been in years. Assigned to train spies, he begins re-connecting with his former life. This look inside a spy's life is terrific television. -- "America Divided," Friday, 9pm, **EPIX**. Even in TV's golden age, viewers should welcome a garden-variety docu series about difficult issues. They've got one here as *Norman Lear*, 94-years young, teams with *Shonda Rhimes* and *Common*. The opener has Lear looking at housing, *Common* delving into police shootings, while *Rosario Dawson* examines water in Flint, MI. It's lean-in TV, as the filmmakers avoid many gotcha moments, preferring to allow the viewer's blood to boil quietly. -- "Blunt Talk," season 2 premiere, Sunday, 8:35pm, **Starz**. How far can *Sir Patrick Stewart* stray from his Shakespearian training? He goes far weekly in this hoot of a comedy with Stewart as a news anchor. — *Seth Arenstein*

Basic Cable Rankings (10/1716-10/23/16)			
Mon-Sun Prime			
1	FS1	1.9	4235
2	FOXN	1.4	3306
3	ESPN	1.0	2222
4	CNN	0.9	2226
4	AMC	0.9	2057
6	MSNB	0.8	1852
7	TBSC	0.7	1688
8	USA	0.6	1467
8	HGTV	0.6	1315
10	DISC	0.4	1060
10	FX	0.4	1034
10	DSNY	0.4	1011
10	HIST	0.4	953
10	FOOD	0.4	942
10	ID	0.4	887
10	ADSM	0.4	878
10	HALL	0.4	819
10	DSE	0.4	88
19	FRFM	0.3	781
19	LIFE	0.3	729
19	NAN	0.3	665
19	TLC	0.3	647
19	TNT	0.3	611
19	TVLD	0.3	606
19	VH1	0.3	601
19	NKJR	0.3	593
19	SPK	0.3	579
19	DSJR	0.3	529
19	NFLN	0.3	524
19	HMM	0.3	511
19	FOXD	0.3	165
32	SYFY	0.2	573
32	A&E	0.2	568
32	BRAV	0.2	555
32	APL	0.2	457
32	NGC	0.2	449
32	OWN	0.2	445
32	CMDY	0.2	437
32	LMN	0.2	434
32	TRAV	0.2	427
32	WETV	0.2	420
32	INSP	0.2	371
32	EN	0.2	368
32	BET	0.2	357

*Nielsen data, supplied by ABC/Disney, is based on coverage area of individual networks



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